

PROPERTY FORECLOSURES IN MARYLAND

THIRD QUARTER 2016



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PROPERTY FORECLOSURE EVENTS IN MARYLAND
THIRD QUARTER 2016

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PROPERTY FORECLOSURE EVENTS IN MARYLAND

THIRD QUARTER 2016

EXECUTIVE SUMMARY

RealtyTrac data for third quarter 2016 show that property foreclosure filings (or events) in the U.S., which includes notices of default, notices of foreclosure sales and lender purchases of foreclosed properties, continue to decline by an additional 11.6 percent to 248,410 events from the previous quarter. Compared with the third quarter of 2015, foreclosures fell 24.1 percent – the largest magnitude of the four consecutive quarter of year over year declines since the fourth quarter of 2015 (Exhibit 1). The U.S. foreclosure rate, defined as the number of foreclosures per 10,000 households, decreased from 21.2 in the previous quarter to 18.7 in the current quarter. Nationally, foreclosure activity dropped in 39 states but increased in the other 11 as well as the District of Columbia. The top five increases were in the District of Columbia, North Dakota, Oklahoma, Utah, and Vermont while the highest declines were in Alaska, Minnesota, Tennessee, West Virginia, and Wyoming. Compared with the same quarter in 2015, total foreclosure events decreased in 37 states but increased in 13 states and in the District of Columbia.

In Maryland, foreclosure activity dropped 18.2 percent from the second quarter of 2016 and third quarter of 2015 to 8,886 events. The decrease in the third quarter from the previous quarter and year ago levels is resultant from declines across all categories of foreclosure events – notices of default, sales, and lender purchases (Exhibits 1 and 2).

New foreclosure filings decreased 23.3 percent to 3,142 events in the third quarter and by 15.2 percent below the same period last year. Foreclosure sales fell by 3.7 percent from the prior quarter, and experienced a more significant drop of 23.4 percent from the previous year. Lender purchases experienced the most significant decline overall, dropping by 26.4 percent and by 17.5 percent to 2,839 properties. The continued downward trend in foreclosures along strong market indicators, such as median home price and days on the market, suggest a growing strength in the Maryland housing market.

With the decline in total foreclosure activity, Maryland's foreclosure rate decreased from 45.3 foreclosures per 10,000 households in the second quarter to 37.0 in the third quarter of 2016. Despite the decline in rates, Maryland's ranking remained among the top five states with the highest foreclosure rates nationwide. The State's foreclosure rate was 98.0 percent above the U.S. rate of 18.7 in the third quarter.

Among the neighboring states, Delaware's ranking continued to drop from 3rd highest in the prior quarter to 2nd highest in the current quarter; Pennsylvania remained ranked the 12th highest; and Virginia's ranking deteriorated from the 29th highest to the 27th highest during the third quarter of 2016.

RealtyTrac's methodology reports total number of filings in these stages of foreclosure. As a result, the sum of these stages of foreclosure during a quarter may exceed the actual number of foreclosed properties as properties are moved from one stage of the process to the other during the quarter. To eliminate multiple counting of foreclosure events, total number of foreclosures in this report represents the number of unique properties only.

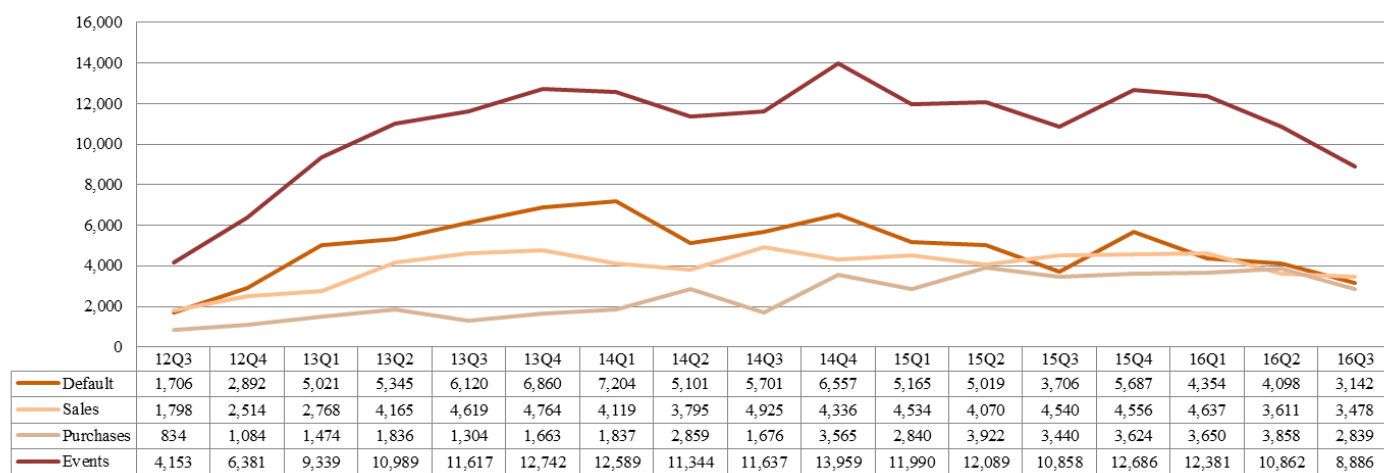
**EXHIBIT 1. FORECLOSURES IN MARYLAND AND U.S.
THIRD QUARTER 2016**

Indicator	Notices of Default	Notices of Sales	Lender Purchases	Properties with Foreclosure Filings*
Maryland				
Number of Events	3,142	3,478	2,839	8,886
Change (Last Quarter)	-23.3%	-3.7%	-26.4%	-18.2%
Change (Last Year)	-15.2%	-23.4%	-17.5%	-18.2%
U.S.				
Number of Events	74,281	103,409	86,615	248,410
Change (Last Quarter)	-13.5%	-8.0%	-11.6%	-11.6%
Change (Last Year)	-16.0%	-21.1%	-30.2%	-24.1%

The sum of the three stages of foreclosure may exceed the number of properties. The last column in this table represent the number of unique property foreclosures, hence multiple counting of the events has been eliminated.

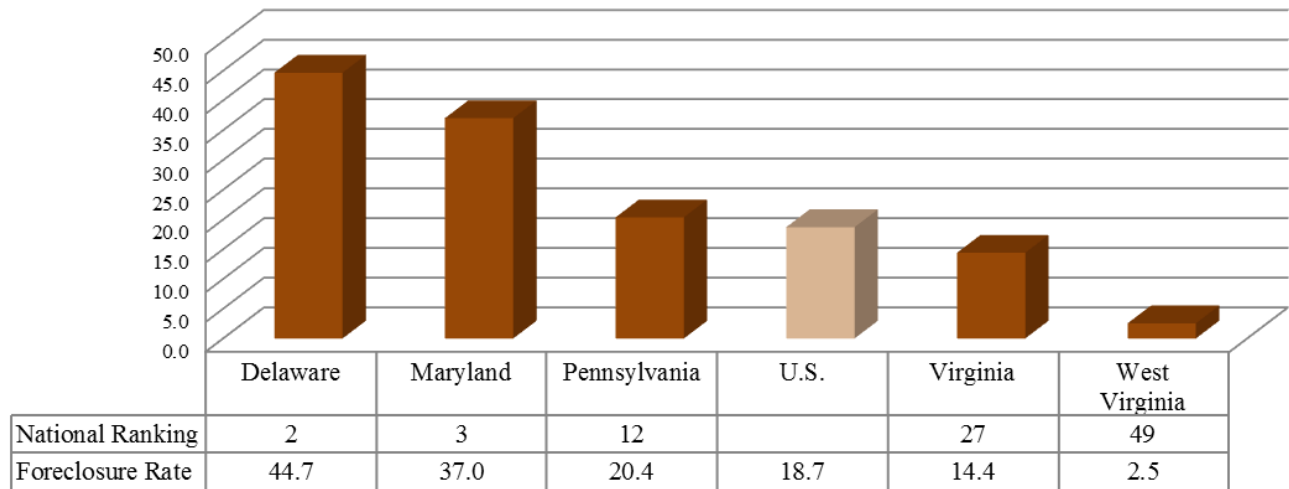
Source: RealtyTrac and DHCD, Housing and Economic Research Office

**EXHIBIT 2. STAGES OF FORECLOSURE ACTIVITY IN MARYLAND
THIRD QUARTER 2012 THOUGH THIRD QUARTER 2016**



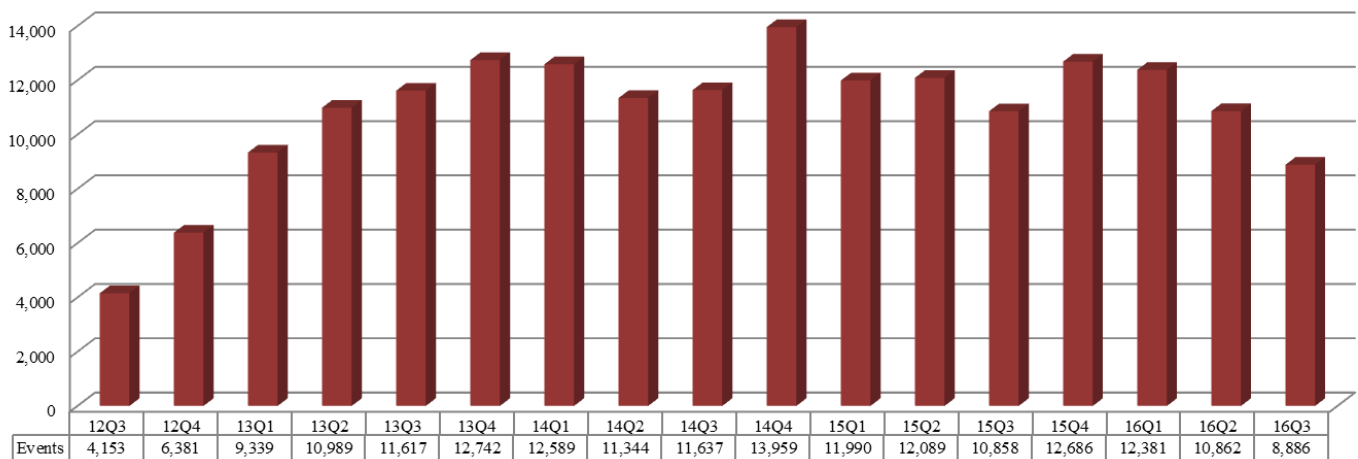
Source: RealtyTrac and DHCD, Housing and Economic Research Office

CHART 1. FORECLOSURE RATES IN THE REGION: NUMBER OF FORECLOSURES PER 10,000 HOUSEHOLDS
THIRD QUARTER 2016



Source: RealtyTrac and DHCD, Housing and Economic Research Office

CHART 2. TOTAL FORECLOSURE ACTIVITY
THIRD QUARTER 2016



Source: RealtyTrac and DHCD, Housing and Economic Research Office

Table 1 shows the third quarter foreclosure events in Maryland jurisdictions. Prince George's County with 1,839 events had the largest share of foreclosures statewide, accounting for 20.7 percent of the total. Foreclosure activity in Prince George's County declined 15.8 percent below the previous quarter, and a 23.7 percent decline from the previous year. Baltimore City saw a 13.2 percent decline in the third quarter. With 1,610 filings, the City had the second largest number of foreclosure events, accounting for 18.1 percent of the total. On an annual basis, the City's foreclosures fell just 2.3 percent behind prior year levels. Baltimore County with 1,437 foreclosures, or 16.2 percent of the total, had the third highest number of foreclosures in Maryland. Foreclosures in this county decreased 8.1 percent below the preceding quarter and by 7.5 percent from one year ago.

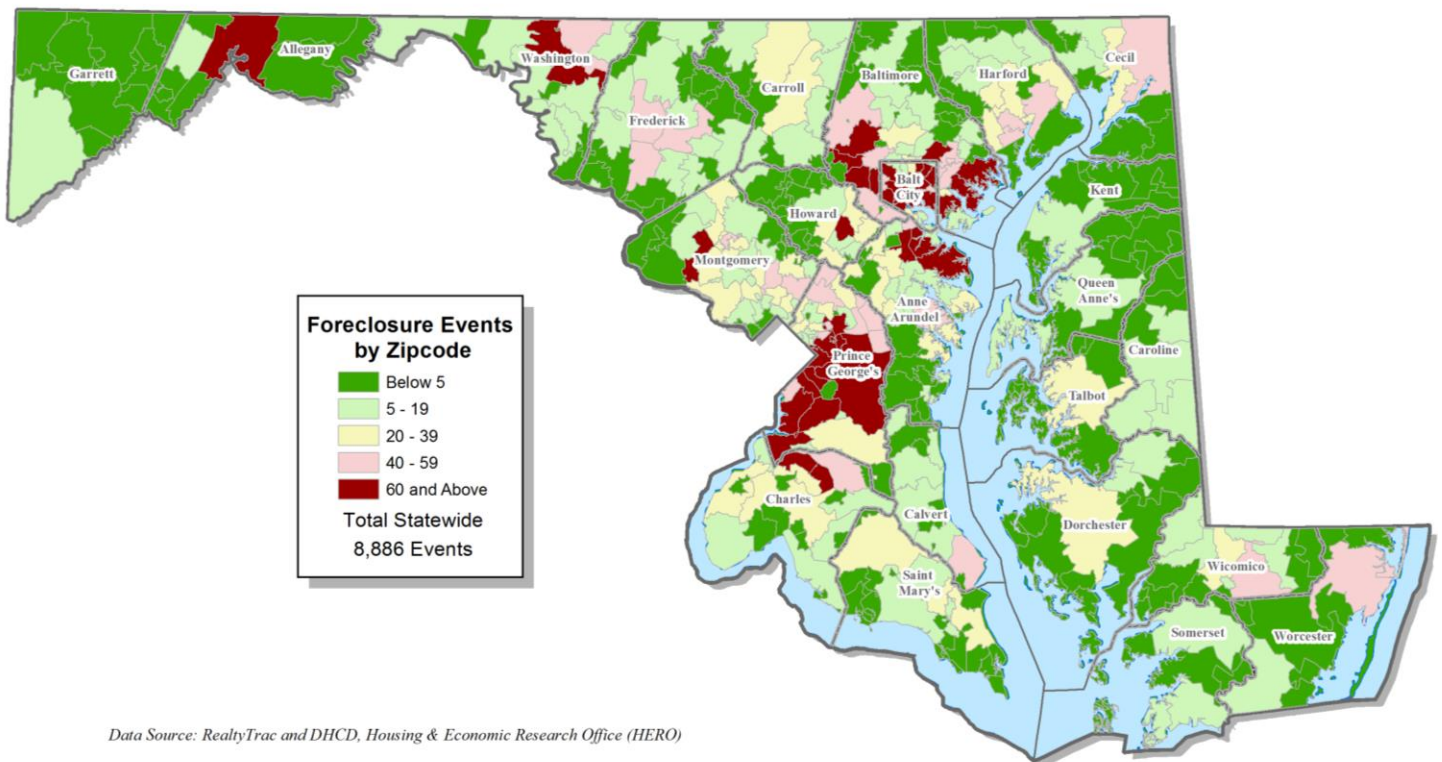
Other counties with large foreclosure events include Anne Arundel (754 events or 8.5 percent of the total), Montgomery (679 events or 7.6 percent), Charles (334 events or 3.8 percent), Harford (330 events or 3.7 percent), Frederick (287 events or 3.2 percent), Howard (235 events or 2.6 percent), and Washington counties (198 events or 2.2 percent). These ten jurisdictions represented 86.7 percent of all foreclosures events in Maryland.

TABLE 1. PROPERTY FORECLOSURE EVENTS
THIRD QUARTER 2016

Jurisdiction	Notices of Default	Notices of Sales	Lender Purchases (REO)	Total*			
				Number	County Share	% Change from	
						2016 Q2	2015 Q3
Allegany	32	35	29	84	0.9%	-24.3%	-18.3%
Anne Arundel	293	278	223	754	8.5%	-35.4%	-8.2%
Baltimore	519	488	511	1,437	16.2%	-8.1%	-7.5%
Baltimore City	601	561	554	1,610	18.1%	-13.2%	-2.3%
Calvert	32	69	55	139	1.6%	-23.4%	-40.5%
Caroline	5	21	25	46	0.5%	-34.1%	-30.6%
Carroll	48	63	45	143	1.6%	-22.0%	-35.4%
Cecil	16	63	34	107	1.2%	-35.2%	-35.5%
Charles	113	147	86	334	3.8%	-22.6%	-19.5%
Dorchester	10	14	30	54	0.6%	-37.0%	-37.4%
Frederick	89	122	104	287	3.2%	-6.8%	-19.6%
Garrett	11	7	6	21	0.2%	-43.2%	-38.5%
Harford	119	115	116	330	3.7%	-23.8%	-26.7%
Howard	88	105	54	235	2.6%	-1.8%	-21.2%
Kent	2	11	13	27	0.3%	-23.7%	-31.8%
Montgomery	205	313	194	679	7.6%	-17.7%	-28.0%
Prince George's	672	793	519	1,839	20.7%	-15.8%	-23.7%
Queen Anne's	31	21	19	67	0.8%	-23.4%	-30.2%
Somerset	13	22	9	40	0.5%	-25.5%	-14.7%
St. Mary's	44	64	58	160	1.8%	-13.2%	-15.2%
Talbot	9	20	8	38	0.4%	-43.2%	-35.5%
Washington	78	65	72	198	2.2%	-38.4%	-33.8%
Wicomico	52	35	51	136	1.5%	-14.0%	-34.6%
Worcester	60	46	25	120	1.4%	5.3%	4.2%
Maryland	3,142	3,478	2,839	8,886	100.0%	-18.2%	-18.2%

**The sum of the three stages of foreclosure may exceed the total. Total number of foreclosures represents unique properties.
Source: RealtyTrac and DHCD, Housing and Economic Research Office*

**MAP 1: DISTRIBUTION OF PROPERTY FORECLOSURE EVENTS
THIRD QUARTER 2016**

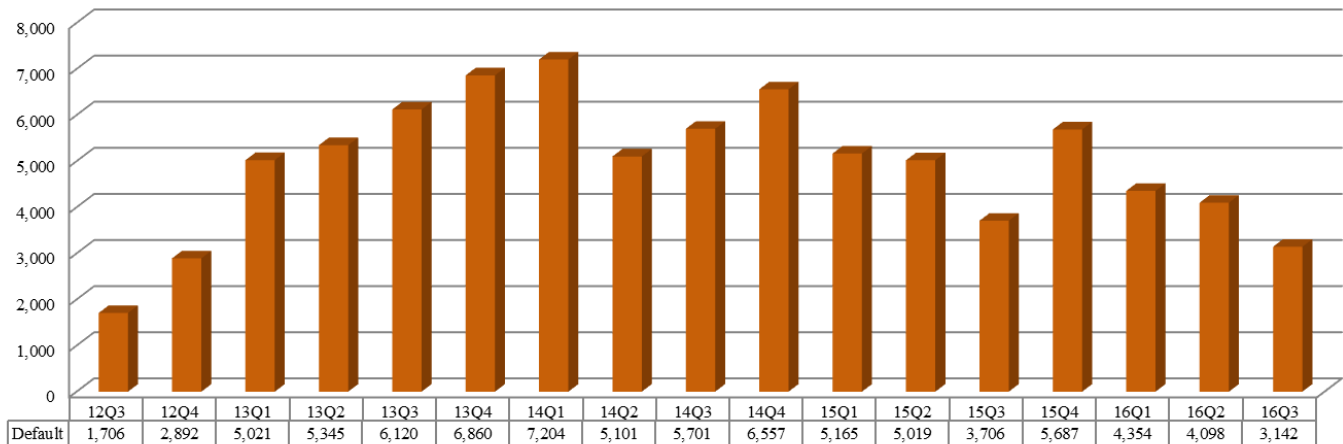


NOTICES OF MORTGAGE LOAN DEFAULT THIRD QUARTER 2016

Notices of default (the initial document filed by the lender to start the foreclosure process, also called pre-foreclosure stage) declined 23.3 percent to 3,142 filings in the third quarter, posting the lowest level of new defaults filed since the third quarter of 2015 (Chart 3). Compared to last year, new foreclosure filings were down an additional 15.2 percent, recording the tenth consecutive year-over-year declines (Table 2). All Maryland jurisdictions recorded year over year quarterly declines with the exception of Anne Arundel, Baltimore, Baltimore City, Washington, and Wicomico counties.

By jurisdiction, Prince George's County accounted for the largest share of defaults with 21.4 percent of all filings statewide or 672 notices (Table 2). The county's default notices declined 24.7 percent below the previous quarter and by 24.2 percent below last year. Baltimore City, with 601 default notices (19.1 percent of the total), had the second highest number of defaults in Maryland. The City's new defaults dropped 19.4 percent below the preceding quarter but reached 25.3 percent above last year levels. Baltimore County, with 519 default notices, or 16.5 percent of the total, had the third highest number of notices. The county's default notices dropped 22.1 percent fewer than the previous quarter but grew 15.1 percent greater than last year's volume. Other counties with high defaults included Anne Arundel with the fourth highest number of notices (293 default notices, or 9.3 percent of the total), while Montgomery County had the fifth largest share with 205 notices or a 6.5 percent share. Together, these jurisdictions represented 72.9 percent of all default notices issued statewide.

CHART 3. NOTICES OF MORTGAGE LOAN DEFAULT
THIRD QUARTER 2016



Source: RealtyTrac and DHCD, Housing and Economic Research Office

TABLE 2. NOTICES OF MORTGAGE LOAN DEFAULT
THIRD QUARTER 2016

Jurisdiction	2016 Q3		% Change from	
	Number	% of Total	2016 Q2	2015 Q3
Allegany	32	1.0%	-42.3%	-30.6%
Anne Arundel	293	9.3%	-11.1%	1.3%
Baltimore	519	16.5%	-22.1%	15.1%
Baltimore City	601	19.1%	-19.4%	25.3%
Calvert	32	1.0%	-48.8%	-64.0%
Caroline	5	0.2%	-82.8%	-78.7%
Carroll	48	1.5%	-32.3%	-35.1%
Cecil	16	0.5%	-70.4%	-78.9%
Charles	113	3.6%	-15.7%	-30.1%
Dorchester	10	0.3%	-65.7%	-75.8%
Frederick	89	2.8%	-13.8%	-28.6%
Garrett	11	0.3%	-43.6%	-14.0%
Harford	119	3.8%	-26.3%	-35.7%
Howard	88	2.8%	31.3%	-1.0%
Kent	2	0.1%	-84.2%	-87.1%
Montgomery	205	6.5%	-31.9%	-34.4%
Prince George's	672	21.4%	-24.7%	-24.2%
Queen Anne's	31	1.0%	-11.0%	-38.2%
Somerset	13	0.4%	-46.8%	-39.8%
St. Mary's	44	1.4%	-46.5%	-32.8%
Talbot	9	0.3%	-66.8%	-66.7%
Washington	78	2.5%	-24.0%	13.9%
Wicomico	52	1.7%	-12.7%	-25.3%
Worcester	60	1.9%	75.1%	27.8%
Maryland	3,142	100.0%	-23.3%	-15.2%

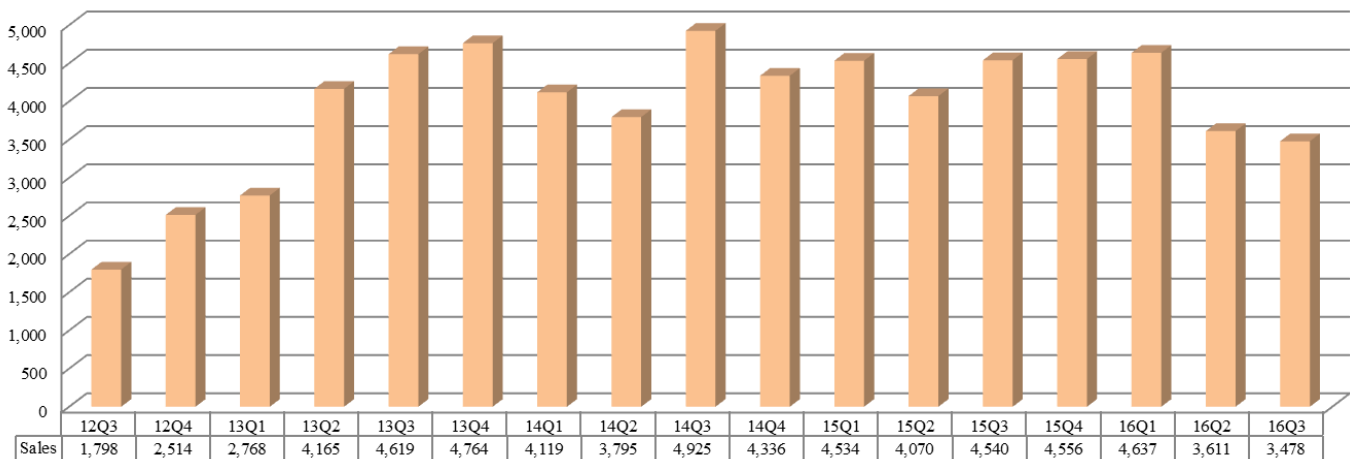
Source: RealtyTrac and DHCD, Housing and Economic Research Office

NOTICES OF FORECLOSURE SALES THIRD QUARTER 2016

Foreclosure sale or judgment of sales notice (an order signed by a judge authorizing the sale of a property at a public auction) declined 3.7 percent from the prior quarter to 3,478 filings, continuing the drop that was observed in the second quarter (Chart 4). Compared with the third quarter 2015, foreclosure sales dropped 23.4 percent. Foreclosure sales fell in 18 Maryland jurisdictions but increased in Allegany, Caroline, Cecil, Somerset, St. Mary's, and Worcester counties.

Foreclosure sales declined 4.9 percent in Prince George's County to 793 notices, down 29.4 percent below last year's volume. Foreclosure sales in that county accounted for 22.8 percent of all foreclosure sales statewide, the largest share among the State's twenty-four jurisdictions (Table 3). Baltimore City with 561 notices, or 16.1 percent of the total, had the second highest number of foreclosure sales in Maryland. Foreclosure sales in the City inched up 4.5 percent from the preceding quarter, but dropped 14.7 percent compared with the same period last year. Baltimore County with 488 notices, or 14.0 percent of the total, had the third highest number of foreclosure sales. Notices of sales in the county fell 6.2 percent from the previous quarter and by 27.6 percent from last year. The fourth and fifth highest number of foreclosure sales this quarter occurred in Montgomery (313 sales, or 9.0 percent) and Anne Arundel (278 sales, or 8.0 percent), respectively. Together, these jurisdictions accounted for 69.9 percent of all notices of sales issued statewide.

CHART 4. NOTICES OF FORECLOSURE SALES
THIRD QUARTER 2016



Source: RealtyTrac and DHCD, Housing and Economic Research Office

TABLE 3. NOTICES OF FORECLOSURE SALES
THIRD QUARTER 2016

Jurisdiction	2016 Q3		% Change from	
	Number	% of Total	2016 Q2	2015 Q3
Allegany	35	1.0%	22.3%	20.9%
Anne Arundel	278	8.0%	-6.7%	-27.8%
Baltimore	488	14.0%	-6.2%	-27.6%
Baltimore City	561	16.1%	4.5%	-14.7%
Calvert	69	2.0%	25.9%	-10.3%
Caroline	21	0.6%	21.6%	22.3%
Carroll	63	1.8%	8.5%	-19.9%
Cecil	63	1.8%	-8.7%	8.6%
Charles	147	4.2%	5.1%	-15.6%
Dorchester	14	0.4%	-58.2%	-39.1%
Frederick	122	3.5%	15.2%	-25.7%
Garrett	7	0.2%	-15.9%	-36.0%
Harford	115	3.3%	-21.6%	-22.2%
Howard	105	3.0%	-7.1%	-31.3%
Kent	11	0.3%	26.9%	-18.3%
Montgomery	313	9.0%	-4.8%	-24.1%
Prince George's	793	22.8%	-4.9%	-29.4%
Queen Anne's	21	0.6%	-30.6%	-42.0%
Somerset	22	0.6%	88.3%	72.7%
St. Mary's	64	1.8%	13.1%	16.8%
Talbot	20	0.6%	-13.0%	-16.6%
Washington	65	1.9%	-30.5%	-36.6%
Wicomico	35	1.0%	-37.2%	-55.5%
Worcester	46	1.3%	15.1%	36.2%
Maryland	3,478	100.0%	-3.7%	-23.4%

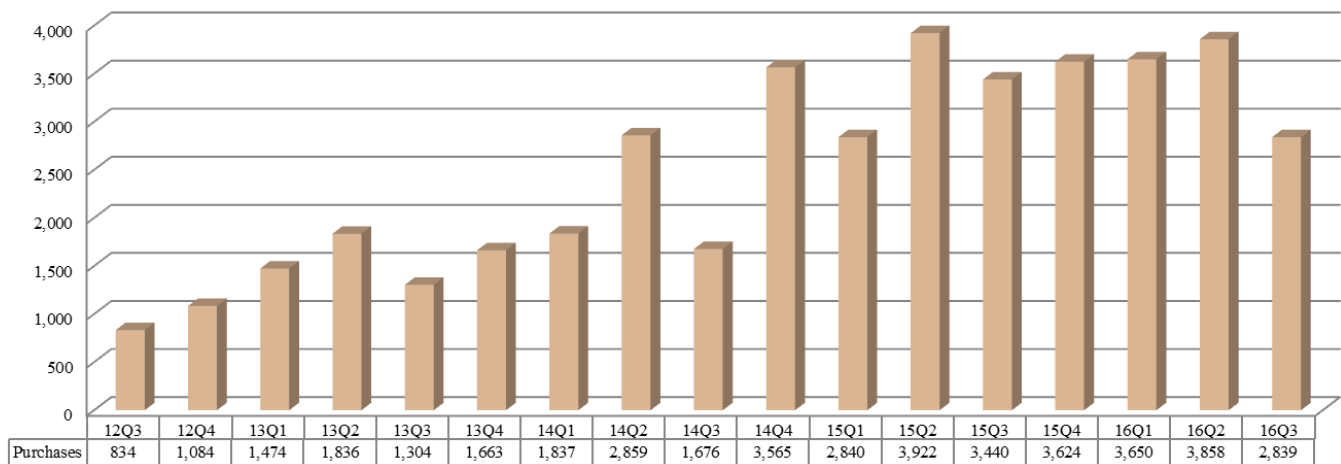
Source: RealtyTrac and DHCD, Housing and Economic Research Office

LENDER PURCHASES OF FORECLOSED PROPERTIES THIRD QUARTER 2016

Lender purchases of real estate owned by the lender (the final step in foreclosure process that conveys property ownership back to lender) dropped 26.4 percent to 2,839 properties in the third quarter, after three consecutive quarters of growth. Compared to sales in the third quarter of 2015, lender purchases were down 17.5 percent.

By jurisdiction, 554 lender purchases occurred in Baltimore City, representing 19.5 percent of all lender purchases statewide, the largest share (Table 4). The number of lender purchases in the City fell by 17.1 percent below the prior quarter and by 14.9 percent below the same period last year. Prince George's County, with 519 lender purchases (18.3 percent of the total), had the second highest concentration in Maryland. Lender purchases in the county dropped 18.6 percent in the third quarter and 12.0 percent below last year. Baltimore County, with 511 lender purchases (18.0 percent of the total) had the third highest concentration in Maryland. Lender purchases in that county were up by 6.8 percent above the previous quarter, but down 8.1 percent when compared with year ago levels. Other jurisdictions with elevated number of lender purchases include Anne Arundel County (223 purchases or 7.8 percent) and Montgomery County (194 purchases or 6.8 percent). Together, these jurisdictions represented 70.5 percent of all lender purchases statewide.

CHART 5. LENDER PURCHASES OF FORECLOSED PROPERTIES
THIRD QUARTER 2016



Source: RealtyTrac and DHCD, Housing and Economic Research Office

**TABLE 4. LENDER PURCHASES OF FORECLOSED
PROPERTIES
THIRD QUARTER 2016**

Jurisdiction	2016 Q3		% Change from	
	Number	% of Total	2016 Q2	2015 Q3
Allegany	29	1.0%	-21.5%	-18.1%
Anne Arundel	223	7.8%	-62.9%	2.5%
Baltimore	511	18.0%	6.8%	-8.1%
Baltimore City	554	19.5%	-17.1%	-14.9%
Calvert	55	1.9%	-21.3%	-34.9%
Caroline	25	0.9%	-15.9%	-14.4%
Carroll	45	1.6%	-35.1%	-47.5%
Cecil	34	1.2%	-42.4%	-17.1%
Charles	86	3.0%	-53.2%	-24.8%
Dorchester	30	1.0%	-16.3%	15.4%
Frederick	104	3.7%	-7.2%	8.3%
Garrett	6	0.2%	-50.9%	-59.5%
Harford	116	4.1%	-28.5%	-20.9%
Howard	54	1.9%	-28.4%	-29.6%
Kent	13	0.5%	6.6%	25.2%
Montgomery	194	6.8%	-19.0%	-33.2%
Prince George's	519	18.3%	-18.6%	-12.0%
Queen Anne's	19	0.7%	-25.2%	14.0%
Somerset	9	0.3%	-58.3%	-39.6%
St. Mary's	58	2.0%	-9.2%	-27.1%
Talbot	8	0.3%	-61.9%	-38.5%
Washington	72	2.5%	-48.3%	-50.3%
Wicomico	51	1.8%	-14.2%	-25.4%
Worcester	25	0.9%	-46.2%	-34.8%
Maryland	2,839	100.0%	-26.4%	-17.5%

Source: RealtyTrac and DHCD, Housing and Economic Research Office